

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:
	:
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i>,	:
	:
Debtors.	:
	:
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Chapter 11 Case No.
08-13555 (JMP)
(Jointly Administered)

**DECLARATION OF DANIEL J. EHRMANN
IN SUPPORT OF THE MOTION PURSUANT TO SECTION 8.4
OF THE MODIFIED THIRD AMENDED CHAPTER 11 PLAN OF LEHMAN
BROTHERS HOLDINGS INC. AND ITS AFFILIATED DEBTORS TO ESTIMATE
THE AMOUNT OF DISPUTED CLAIMS FILED BY LEHMAN BROTHERS
FINANCE AG (IN LIQUIDATION) FOR PURPOSES OF ESTABLISHING RESERVES**

Pursuant to 28 U.S.C. § 1746, I, Daniel J. Ehrmann, declare:

1. I am over 18 years of age and make these statements based on my personal knowledge, my review of the business records of the Debtors,¹ and/or my consultation with employees of the Debtors, their affiliates, and Alvarez & Marsal North America, LLC (“A&M”). If called to testify, I could testify to the truth of the matters set forth herein.

2. I make this declaration on behalf of LBHI and LBSF in support of their motion, pursuant to Section 8.4 of the Plan, to estimate the amount of the LBF Claims, ECF No. 24253 (the “Motion”).

3. I am a Managing Director with A&M. I began my career as an attorney practicing law in France for five years. I have specialized in turnaround and restructuring with A&M since 2000, serving in a variety of interim management, advisory, and financial restructuring roles.

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion (as defined below).

4. I was assigned to the Lehman matter in September 2008. One of my primary areas of responsibility is the management of all international and foreign matters of the Debtors. On behalf of the Debtors, I have led the negotiations that resulted in the execution of the Protocol, and the preparation of the Guidelines, as discussed in the Motion. I also oversaw the preparation and filing of proofs of claim against the Debtors' foreign affiliates, including LBF. I have knowledge of the facts and representations set forth in the Motion regarding the Protocol, the Procedures Committee, the Global Close, the Guidelines, and the Debtors' negotiations with LBF, and based upon my review, the Motion accurately reflects the foregoing.

5. On November 20, 2008, LBF published a "call for creditors" to submit their claims against LBF. The Debtors timely submitted several proofs of claim against LBF, a summary of which is attached hereto as Exhibit A (the "Debtor Claims"). No objection has been filed against any of the Debtor Claims.

6. The LBHI Claim is included among the Debtor Claims. The LBHI Claim accurately reflects the amounts of intercompany balances between LBHI and LBF as recorded on LBHI's books and records. These records indicate that LBF owes LBHI approximately \$14.2 billion primarily on account of intercompany funding that was provided by LBHI to LBF for "operating expenses," and certain intercompany derivatives transactions between LBHI and LBF.

7. Generally, the Lehman enterprise maintained accurate books and records and separate financial records for each legal entity, including LBF. Prior to the commencement of LBHI's chapter 11 case, Lehman maintained rigorous internal controls and audit functions, and conducted daily reconciliations of financial balances and monthly accounting closes. Following the sale of the North American capital markets business to Barclays Capital Inc., the

Debtors coordinated with employees from most of Lehman's affiliates in Europe and Asia in an effort to perform a full accounting close of Lehman's financial accounting records (the "Global Close") so that all intercompany transactions and balances could be reviewed. This Global Close formed the basis of nine (9) comprehensive bilateral settlements that the Debtors entered into with the administrators of eighty-seven (87) of the Debtors' foreign affiliates (the "Bilateral Settlements"). The Bilateral Settlements, which are incorporated into the Plan, have reduced \$327.8 billion in asserted claims by 81%, and allowed them in an aggregate amount of approximately \$61.4 billion.

8. The LBHI Claim is based upon the same records that formed the basis of the Bilateral Settlements. Based on my review of these records and my discussions with the Debtors' employees, I have found no evidence that Lehman's recordkeeping was materially deficient or unreliable. As such, Lehman's books and records fairly reflect the obligations owed by LBF to LBHI, as set forth in the LBHI Claim.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge.

Executed on this 12th day of January, 2012.

/s/ Daniel J. Ehrmann
Daniel J. Ehrmann